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ABSTRACT

An insurance product and insurance method for providing financial assurance, against an occurrence of at least one specified event, are described. In one embodiment, an insurer provides an insurance policy having a risk limit, in exchange for a predetermined first premium from the insured entity, where the risk limit is the maximum monetary risk. The insurer then transfers a variable portion of the risk limit to a reinsurer in exchange for a predetermined second premium. Note that the reinsurer is preferably a captive of the insured. As a feature of the invention, the variable portion of the risk limit decreases over time, and equals a predetermined retainment point less a variable attachment point. For example, the retainment point is a monetary amount less than the risk limit, and the variable attachment point varies over time based on a predetermined investment growth. In a further embodiment, the reinsurer transfers its risk to a third party reinsurer for a premium, where the third party reinsurer acts as a pool administrator for an insurance pool.